

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: Lisa Goldman
Acting City Manager

Date: April 12, 2011

Re: Discuss Options Related to the Future Operation of the Chuck Corica Golf Complex and Provide Direction to the Acting City Manager on Next Steps

BACKGROUND

In May 2007, the City retained the services of the National Golf Foundation (NGF) to conduct a comprehensive operational review of the Chuck Corica Golf Complex (Complex). The study was conducted during a six-month period, and the results were presented to the City Council in January 2008.

Upon receipt and examination of this operational review, the City Council adopted a motion directing staff to work with NGF to develop a Request for Proposal (RFP) seeking an interim Operator for the Complex. The RFP was developed and distributed to more than 65 golf managements firms in July 2008. Seven responses were received and initially screened by the Interim Finance Director, the Golf Commission Chair, a second Commissioner, the Director of Recreation and Parks, and the then-Assistant City Manager for compliance with RFP criteria. The interview panel consisted of the Deputy City Manager, the Golf Director for the City of Walnut Creek, and the golf consultant to the City of San Leandro.

Kemper Sports Management was selected by a substantial point margin based upon its experience in providing municipal golf management services, financial capacity and sustainability, and operational references. On November 6, 2008, the City Council authorized the City Manager to enter into a one-year agreement with Kemper Sports to provide interim management of the facility (December 2008-December 2009). The City Council also directed staff to research potential long-term solutions during this one-year management contract period. Further, during this interim period, the City would transition from City staff to contract staff at the Golf Complex.

In July 2009, based on previous City Council direction, staff prepared a second RFP seeking a long-term operator to provide management, operational, and maintenance functions on a long-term lease basis. The City was also looking for a firm willing to invest much-needed funds in capital improvement, an investment the City had been unable to make for many years. The RFP was distributed to 65 firms in October 2009. As a result of the national economic market collapse and recession, only two firms in

the industry submitted proposals, Kemper Sports Management and Bellows Golf Management/Landscape Golf Group.

Following an extensive review of both of the proposals, Kemper Sports Management was once again selected as the top firm based on its national experience and solid reputation in the field as well as its commitment to providing capital funding for critical improvements to the Golf Complex. This review, conducted by the then-Interim City Manager, found that Bellows Golf Management/Landscape Golf Group, in contrast, had less ability to invest funds in the Golf Complex and would have relied on the Golf Enterprise Fund Balance to support its capital expenditures. The City Council approved the selection of Kemper Sports Management on March 16, 2010, and directed staff to begin negotiations for a long-term agreement.

DISCUSSION

Between March 2010 and December 2010, the then-Interim City Manager and the Director of Recreation and Parks worked with Kemper Sports Management to develop a number of scenarios for the future long-term operation of the Chuck Corica Golf Complex. The scenarios ranged from a no-change option, under which the City retained the services of Kemper under a management agreement, to long-term lease options for either 27 holes (with nine holes on the South Course closed) or 36 holes.

On January 25, 2011, the City Council held a special meeting on golf in order to discuss moving forward with a long-term lease of the facility. Mr. Ben Blake, Executive Vice President for Kemper Sports Management, presented two scenarios for the future operation of the Golf Complex as well as background information on the golf market in the Bay Area. According to Mr. Blake, the local golf market is soft, with calendar year 2010 rounds down between 6% and 9% at local golf courses (Metropolitan, Tilden, and Monarch Bay).

Course Configuration

At the January 25, 2011, meeting, Mr. Blake presented Kemper's proposal to secure a long-term lease with a 27-hole configuration. According to Mr. Blake, this configuration would have allowed an investment (via bond financing) of \$5 to \$5.25 million in capital improvements to the Golf Complex, including the driving range. The list of capital expenditures (known as CAPEX), included:

- Clean out drainage canals
- Renovate irrigation system
- Replace sand mix and grass on greens
- Repair drainage and replace sand in bunkers
- Renovate driving range
- Repair fairways and tees

Under this scenario, Kemper believed that it could service the debt payments from the bond financing and have enough positive cash flow to participate in some level of profit sharing with the City. That profit-sharing amount would have been the subject of negotiations between the City and Kemper.

At the meeting, Mr. Blake also addressed the 36-hole scenario under which the two courses continue to operate as is. Mr. Blake assumed under this scenario that it would cost just under \$8 million to renovate the 36 holes and the driving range. This close to \$8 million figure was based on the estimate included in the National Golf Foundation report. The NGF report, which was dated September 2007, included the following rough estimates for capital expenditures:

Fix/repair artificial turf at driving range	\$1,000,000
Improve 18-hole South Course	\$3,000,000
Improve 18-hole North Course	\$3,250,000
Miscellaneous repairs of restrooms, entryway, maintenance area	<u>\$ 370,000</u>
Total	\$7,620,000

Given the amount of funding available (\$5 to \$5.25 million), Kemper did not believe that it was prudent to spread this funding over 36 holes and dilute the improvements. Rather, they believed that a 27-hole configuration would allow them to make the necessary repairs and course improvements with the available funding while still providing sufficient capacity for tournaments and general play.

After discussing Kemper's proposal and receiving public comment, the City Council asked that the item be brought back at a later date so that both the Council and the community could review the scenarios that Kemper and the former Interim City Manager discussed between March and December 2010. Much of this information Kemper considered to be proprietary and therefore confidential; summaries of the information were shared with the City Council and members of the golf community in early February.

Financing

During a discussion with Kemper in early February, staff learned that the question of bond financing for the project was not settled. It was Kemper's understanding, based on their discussions with prior staff, that the City would issue tax-exempt bonds for this project, and Kemper would pay the debt service on those bonds. Current staff understood that under the contemplated transaction, Kemper was going to issue the bonds and be responsible for the debt service. Unfortunately, neither scenario is feasible.

A golf course financing undertaken by the City would not be considered a public use eligible for tax-exempt financing, even though the Golf Complex would continue to be a City-owned asset, because the Golf Complex is intended to be leased to a private party. The City could undertake a financing for a taxable bond, but the rates would likely be

much higher than for a tax-exempt bond, and the City's General Fund would have to back the bonds. This means that the General Fund would have the burden for any default on the bonds, which is neither feasible nor prudent.

New Kemper Proposal

As a result of the misunderstanding related to the financing, staff asked Kemper to revisit its proposal and determine if there was any way to raise the necessary funds privately. Between early February and early April, Kemper worked to find private funding for the Golf Complex. Unfortunately, given the state of the economy, Kemper was unable to secure private financing in order to make the \$5 to \$5.25 million in investments.

As a result, Kemper submitted a new proposal to the City in early April in which Kemper would retain the existing 36-hole course configuration. Over the first ten years of the proposed 20-year lease agreement, they would make \$5.8 million of improvements to the golf course and the driving range (Exhibit 1).

Kemper would fund the improvements to the Golf Complex through the use of the operating income from the course and would contribute \$500,000 of its own money upfront to start the renovations in 2012. Each year through 2022, Kemper would spend approximately \$500,000, or more if operating results are better than projected, on renovations (with the exception of one year in which the renovations would be approximately \$350,000). The renovations include work on the drainage and irrigation, renovation of the driving range, replacing the greens on the South Course, renovating the tees and bunkers on the South Course, and repairing the cart paths. For the second ten years of the 20-year term, Kemper would pay the City a higher percentage of the revenues in order to fund additional Golf Complex improvements. All of these points would be subject to negotiations should the City Council direct staff to move forward with Kemper and negotiate a lease agreement that would be subject to City Council approval.

Alternative Proposals

At the City Council meeting on January 25, some members of the community suggested that other golf management firms would be willing to invest significant resources in the Golf Complex if given the opportunity. Over the past several months, three golf firms, Bellows Golf Management, Greenway Golf, and Billy Casper Golf sent unsolicited letters to the City expressing their interest in the Chuck Corica Golf Complex. Those letters are attached as Exhibits 2, 3, and 4, respectively.

Given that staff's last direction from the City Council, on March 16, 2010, was to enter into negotiations with Kemper Sports Management, staff has not discussed the letters of interest with the three firms. Should the City Council be interested in entertaining offers from operators other than Kemper, staff would recommend that the City issue a new RFP and conduct an open, transparent, competitive selection process.

Staff estimates that an RFP process could take three to six months to complete. It is important to note that between now and the end of June, the Acting City Manager and other staff who would work on this RFP will be immersed in the City's budget process, thereby potentially delaying the completion of the RFP process to some time in the fall.

On April 5, 2011, the City Council received a letter from Harbor Bay Isle Associates (HBIA) regarding its interest in the Chuck Corica Golf Complex. That letter is attached as Exhibit 5. HBIA's proposal includes three elements:

1. HBIA will consider providing up to \$6 million to upgrade and reconfigure the existing 36 holes of golf and create a new course for juniors and seniors on a portion of the reconfigured South Course. The \$6 million would also be used to repair drainage and irrigation and provide enhanced fairways, greens and bunkers.
2. HBIA will transfer the 12 acres of property it owns on North Loop Road to the City for the creation of soccer fields, baseball fields, and concession and maintenance facilities. They would contribute \$3 million toward this plan. The Landscape and Maintenance District funded by the Harbor Bay Business District would maintain the property in perpetuity, thereby relieving the City of maintenance costs for the new sports fields.
3. HBIA would exchange its property on North Loop Road for the 12 acres of the Mif Albright Course, upon which it would build its Village 6 housing proposal.

According to HBIA, this proposal would bring many benefits to the City of Alameda and to the greater Alameda community. It would preserve and improve the Golf Complex, ensure that youth and seniors have a course of their own, and provide much-needed sports fields and facilities. Under this proposal, HBIA would not operate the Golf Complex. Kemper or another golf operator would perform this function. Staff has not had an opportunity to fully analyze this proposal but felt it appropriate to include this information in the report for the public's benefit.

Mif Albright

On December 7, 2010, the City Council approved a motion to direct staff to finalize negotiations for the lease of the Mif Albright Course with the principals of the Alameda Junior Golf Association (AJGA) and to reserve \$100,000 from the Golf Enterprise Fund as a match for a grant from the Wadsworth Foundation to AJGA for the Mif Albright Course. The Wadsworth Foundation is offering not only \$250,000 in cash for the course but also in-kind support for capital improvements to the course. In return, they are seeking an agreement from AJGA to operate the Mif Albright Course for 15 years.

Staff has been negotiating with the members of AJGA since January on this proposal and has general agreement on a term sheet (Exhibit 6). Some of the items on the term sheet, such as use of the Driving Range Pro Shop to support the Mif Albright operations

and use of teaching stalls at the Norma Arnerich Teaching Center, require discussions between AJGA and the eventual operator of the Chuck Corica Golf Complex. The actual lease agreement will be brought to the City Council for approval in the future.

Golf Enterprise Fund Balance

At the end of February 2011, the Golf Enterprise Fund cash balance was \$594,576, and the available fund balance was \$343,353, net of the \$100,000 reserved for the Mif Albright matching grant. The difference between the cash balance of \$594,576 and the available fund balance of \$343,353 is comprised of funds that have been committed for payments to vendors and for future redemption of previously issued gift certificates—in essence bills that will come due but have not yet been paid. When the City Council adopted the FY10-11 budget for the Golf Complex, the beginning available fund balance was projected to be \$690,372, while the available ending funding balance was projected to be \$1,065,562, an increase of \$375,190. (These are the amounts that appear in the City's adopted budget.) However, the actual beginning fund balance, which is also the available ending fund balance for the prior year, was \$657,544, as can be seen on Exhibit 7, which shows a ten-year history of the Golf Complex finances.

As the spreadsheet shows, the available fund balance dropped from a high of \$3,629,527 in FY04-05 to a low of \$343,353 at the end of February 2011. In order to project an ending fund balance for the current fiscal year, staff assumed that revenues and expenditures for the remainder of this fiscal year (March 1 through June 30) would approximate revenues and expenditures for the same period last year. If those assumptions hold, then the Golf Enterprise Fund Balance will be \$605,847 as of June 30, 2011, rather than the \$1,065,562 included in the FY10-11 budget. Should the Golf Complex experience good weather through the remainder of this fiscal year, then the revenues may rise, and the fund balance may be greater than the \$605,847 currently projected. Conversely, a period of bad weather, such as the Golf Complex experienced in March, may negatively affect the fund balance.

FINANCIAL IMPACT

As described above, the Golf Enterprise Fund had a cash fund balance of \$594,576 and an available fund balance of \$343,353, inclusive of the \$100,000 reserved for the Mif, as of February 28, 2011. While Kemper has managed to slow the rate of revenue loss, the current situation is not sustainable.

RECOMMENDATION

Discuss options related to the future operation of the Chuck Corica Golf Complex and provide direction to the Acting City Manager on next steps

Exhibits:

1. Letter from Kemper Sports Management
2. Letter from Bellows Golf Management
3. Letter from Greenway Golf
4. Email and supporting materials from Billy Casper Golf
5. Letter from Harbor Bay Isle Associates
6. Draft term sheet for non-profit operation of the Mif Albright Course
7. Golf Course Income Statements, FY00-01 through FY10-11



500 Skokie Boulevard
Suite 444
Northbrook, Illinois 60062
847 850 1818
847 291 0271 fax
www.kempersports.com

April 7, 2011

Ms. Marie Gilmore, Mayor
Mr. Rob Bonta, Vice Mayor
Mr. Doug deHaan, Councilmember
Ms. Beverly Johnson, Councilmember
Ms. Lena Tam, Councilmember

Dear Mayor and City Council Members,

I am excited to submit this proposal on behalf of KemperSports to lease the Chuck Corica Golf Complex. KemperSports has been managing the complex for almost 2 ½ years and during this time we have improved the course conditioning, service levels and operating performance of the facility. We have worked hard to ensure ongoing, open communication with city staff, the mayor and city council members including actively working with the staff and council on the golf course RFP since October 2009.

As you know, the facility is in dire need of many capital improvements and our proposal outlines a 10-year plan, spending \$5.8M, to make these improvements. Highlights of the plan are as follows:

- **Drainage** – In 2012, KemperSports will spend \$500K of its own funds to fix the drainage on the course given the standing water and poor drainage issues. We will clean out all sloughs, dredge lakes to increase holding capacity and install additional drainage lines in low areas to improve playing conditions.
- **Irrigation** – Next will be the renovation and, in some areas, the replacement of the irrigation system on both the North and South courses. Additionally, a new irrigation pump station will be installed on the South course.
- **Driving Range** – We will renovate the driving range by removing the old Astroturf and fix the drainage enabling the landing area to be maintained. We will repair and replace the netting, as well as refurbish the hitting stations.
- **Maintenance Building** – The maintenance building is in need of repairs given its age.
- **Greens, Tees and Bunker Renovation** – We will close nine holes at a time and renovate the greens, tees and bunkers on the closed nine. Due to the high salt content in the irrigation water, we will replace the current greens mix with sand to enable the flushing of the soil from salts.
- **Cart Path Replacement** – We will have an ongoing cart path replacement program.

KemperSports has extensive experience in golf course renovations similar to what we are proposing at Chuck Corica as we have been directly involved in the construction and/or renovation of over 40 courses in our 30+ years in the golf industry. We are uniquely qualified given our knowledge of the facility, our experience and expertise with renovations, our working relationship with the city staff and council and our commitment to provide funds to begin this project and sustain its ongoing execution.

We look forward to continuing to work with the City of Alameda and to discuss our proposal.

Sincerely,

Ben Blake
Executive Vice President
KemperSports

City Council
Exhibit 1 to
Agenda Item #2-A
04-12-11



Feb 7, 2011

Ms. Lisa Goldman

City Manager, City of Alameda

VIA E-MAIL

RE; Chuck Corica Golf Complex – Re-Statement of Interest

Dear Ms. Goldman;

My company was the other final proposer considered last year for the long term Chuck Corica Golf Complex renovation and operations lease. It is my understanding that the city still has not finalized a long term agreement with Kemper Golf, the other final proposer for this contract. If in fact the city has not entered into a long term arrangement with Kemper then as the other proposer I would like to re-state our company's interest in assisting the city with a mutually beneficial agreement to renovate and operate the golf courses at Chuck Corica.

The basic terms of our most recent proposal that was considered in early 2010 could still apply. In that proposal we proposed a flexible financial approach for the city that would allow a variety of capital projects to be completed. WE DID NOT AGREE WITH a 27 hole concept and our plan was to renovate and improve the 36 championship holes while leaving the 9 hole short course for open discussion based on city direction. We feel that a 36 holes complex is unique for the area and offers many future and current revenue opportunities.

The most immediate benefit with the availability of 36 holes is the fact that we would always have an 18 holes championship golf course available during golf course renovations. The obvious future benefit is when the economy rebounds we can again drive revenue production and rounds production back to 130,000++per year. Also our research indicates that keeping the 36 holes would be more acceptable to the golfing citizens of Alameda.

On the expense side the average cost for maintaining the first two 9 holes of a golf course is much greater per 9 than when you add a third 9 holes and it really goes down when you add the fourth 9 holes. So the economies of scale work best with a 36 hole complex.....assuming that there is still enough participation which I believe there is for Chuck Corica.

We understand that the Chuck Corica golf courses have suffered the same recent fate as most California golf courses during these challenging times. Based on our general understanding of the current financial performance of Chuck Corica we have noted that the revenues are down for 2010 from the previous year and from what we had previously (2009) projected for your golf courses in 2010, however it appears that revenues are still high enough to successfully attain a renovation and operation plan that would work for both parties.

The small amount of operating expense information I have been able to review indicates that the expenses are reasonable but still seem high as compared to our educated projections. A more detailed review of the specific lines items will assist us in amending our net operating projections. Apparently the overall net operation income is still substantial and it is my understanding the city is receiving a consistent flow of revenue from the golf operation, however to date not much has been spent on the desired renovation program.



In our previous proposal we determined / estimated what annual payments the city might accept then backed into the amount of funds that we could provide the property based on the capacity of the property to service investment debt with the remaining cash flow. During this renovation period we suggested a split of additional cash flow as a way of earning a management fee. What might be easier at this time would be to defer some of our management fee and accept a minimum management fee during the new renovation period.

At this time our approach would still be the same or very similar to our previous proposal in that we have the availability to provide equity funds in order to start a renovation program that is acceptable to the city based on cash flow priorities established by the city that are mutually agreeable by the parties. Certainly we are flexible to the needs of the city and our suggested approach is exactly that, a suggested approach subject to modification.

I am sure the city is very aware that institutional financing in the golf business, or for that matter most small commercial businesses, is almost non-existent and it would certainly be preferable to provide affordable bank financing rather than providing only equity which typically has higher return expectations. I believe it is in the best interest of both parties to improve the financial performance of the golf courses in order to justify outside financing which should cut the cost for debt / investment and allow the property to complete the overall renovation plan in an acceptable period of time.

In summary we have a strong interest in assisting the city. We have a workable approach that can be amended to satisfy both parties. Our compensation can be partially subordinated. We believe in the 36 holes concept. We know we can improve the financial performance. We have a smart gradual approach that will accomplish the necessary golf course improvements WHILE NOT HAVING A GREAT IMPACT ON REVENUES (critical!!!!). The principals of BGM will be on site regularly and available to the city and finally we have a vast amount of renovation experience that will equate to more "bang for the buck" for Chuck Corica.

If it is convenient for you I would like to schedule a meeting for meeting with you and any interested stakeholders for this week possibly later Wednesday afternoon February 9 or some time Thursday February 10. Please advise if that could work for you and if not then possibly some time the next week.

Thank you in advance for re-considering BGM as your renovation and golf operations partner at the Chuck Corica Golf Complex.

Sincerely,

J Bellows

Jim Bellows, PGA

Dear Ms. Goldman,

February 7, 2011

I am the CEO of Greenway Golf, the current President of the California Golf Course Owners Association (CGCOA) and the owner/developer of Stevinson Ranch Golf Club. Greenway Golf is a boutique golf management company with seven managed properties as well as a number of consulting clients. We have developed an outstanding reputation for customer service and for our agronomic expertise.

Several years ago I was contacted by Dale Lilliard to prepare a proposal for interim management of the Chuck Corrica golf courses while the City of Alameda was attempting to determine the best course of action for the property. While we submitted a proposal to operate the complex on an interim basis we were not selected.

For a number of reasons, I believe that Greenway Golf would be a better partner with the City. While we manage far fewer courses than Kemper Sports we have years of experience owning, operating and managing golf courses. We would value the relationship in ways that a large company is unable to. You would be dealing with Principals of the company whenever it was necessary to get together or to communicate.

I read an interesting article this weekend in the SF Chronicle about the prohibition of new restaurants in the Fillmore District of the City. Until recently a new restaurant could only go into a location that had previously been a restaurant. With the recent downturn in the economy there are now several vacant storefronts for the first time in years. While there are restaurants that wanted to occupy these vacant locations they could not because of this heretofore mentioned prohibition. The City has recently rescinded this ordinance and now allows restaurants into vacant locations as long as the restaurant is not a chain. A chain is defined as a restaurant company with eleven or more locations. I thought to myself that this is a perfect analogy for the golf industry. An experienced boutique management company like ours will do a better job delivering a great golf experience, just as a boutique restaurant operator will do a better job delivering great service, food and ambience than a large chain.

The City of Alameda has some difficult decisions to make. Clearly eliminating nine holes from this historic facility will be a major and far-reaching decision that will be permanent. I believe that the market will recover and that Greenway can successfully operate 36 holes plus the par 3 at Chuck Corrica. Golf courses are closing weekly. In fact, this week alone Adobe Creek in Petaluma and Elkhorn GC in Stockton closed their doors. I would not panic with this downturn. A major renovation to the courses along with a creative and thoughtful marketing campaign will have a major positive impact on bringing rounds and revenue back to Chuck Corrica. I encourage you to register for our email campaigns by going to <http://www.stevinsonranch.com>. We work very hard for every customer who comes through our doors. I think that you will find what we do to be quite creative and fun.

Stevinson Ranch Golf Club has garnered many awards over the past fifteen years. Two that I am most proud of would be the 2004 National Golf Foundation (NGF) CLASP Award as the highest rated upscale facility in America. CLASP stands for Customer Loyalty And Satisfaction. In 2010 GolfWorld magazine rated Stevenson Ranch the #5 Best Public Course in America.

In addition to our management expertise we are noted for our agronomic excellence and our environmental initiatives. Greenway Golf is at the cutting edge environmentally as it pertains to maintenance. One of the most powerful and influential environmental attorneys in California is a member of our team. Mark Massara approached us about a relationship together after working with him on an extremely environmentally sensitive golf project in Malibu, CA. He described our maintenance methods to a group of environmental advocates as "revolutionary". We use far fewer chemicals, pesticides, herbicides and fungicides than that which would be considered industry standard. As a result, we can maintain a course for less money while delivering outstanding playing conditions. Our clients are among the finest golf courses in the world and have hired us for this expertise. You can learn more about our programs and methods by going to our website <http://www.greenwaygolf.com>.

Should your discussions with Kemper not result in an ideal solution for the City of Alameda, I would love to have an opportunity to provide you with more detail on our company and would be available to meet. I have strong financial backing and we would be able to provide the City with the improvements necessary to return to property to condition that would once again be a major source of pride for the residents of Alameda.

Sincerely yours,

George Kelley
CEO
Greenway Golf

Lisa Goldman - City of Alameda/ Billy Casper Golf

From: Andy Anderson <aanderson@billycaspergolf.com>
To: "lgoldman@ci.alameda.ca.us" <lgoldman@ci.alameda.ca.us>
Date: 3/10/2011 6:12 PM
Subject: City of Alameda/ Billy Casper Golf
Attachments: Alameda Intro 3.11.11 AA.pdf; 2011 Facility Directory.pdf

Dear Ms. Goldman:

It has come to my attention that the City of Alameda may be preparing to make a change with respect to its golf operations. I wanted to reach out to you to advise you that our firm Billy Casper Golf ("BCG") is available for both temporary and permanent assignments. As the largest operator of municipal golf facilities in the country, we frequently encounter municipalities that want better results from their community golf facilities. We have a proven track record of improving municipally owned golf facility operations when transitioning from both municipally and professionally operated situations.

BCG currently operates more than 120 properties nationwide, with more than 60 of those properties having municipal involvement. The success of our firm is based on a "revenue culture" that is supported by expertise, experience and technology. Our IT, marketing and accounting platforms are the most innovative and advanced in the industry. These platforms allow us to have an operational advantage, not only over municipally operated facilities, but over our professional competitors as well. The success of most golf courses today is based largely on the ability to generate revenue in a highly competitive environment. BCG operated courses get more than their share of market revenue due to our ability to influence customer behavior as a result of its proprietary marketing and IT platform.

I have enclosed a brief introduction to BCG and a listing of all of our courses for your review and consideration. I look forward to hearing from you.

Thank you for your time and consideration.

Andy Anderson

Andy Anderson
Vice President, Business Development
Billy Casper Golf
Phone: 480.459.1481
aanderson@billycaspergolf.com
www.billycaspergolf.com

City Council
Exhibit 4 to
Agenda Item #2-A
04-12-11



**BILLY CASPER
G O L F**

**An Overview of
Professional Management
By
Billy Casper Golf**

Andy Anderson
Vice President, Business Development
Billy Casper Golf
aanderson@billycaspergolf.com
www.billycaspergolf.com
(480) 459-1481

COMPANY OVERVIEW

Billy Casper Golf, LLC ("BCG") was founded in 1989 by Peter M. Hill and Robert C. Morris in cooperation with PGA Tour legend Billy Casper, two-time U.S. Open winner and Masters Champion.

Headquartered in Northern Virginia, the firm maintains **regional offices across the U.S.**, giving BCG a corporate presence in **California**, Florida, Hawaii, Illinois, New York, New Jersey, Ohio, Tennessee, Texas, and Virginia.



BCG is among the nation's leading golf course management firms and **the expert in golf course development, renovation, operations, and marketing for municipal golf operations.** We provide complete, full-service facility and business management, golf course maintenance, sales and marketing, development and consulting services to owners of public, private and resort golf courses nationwide, including Hawaii.

Selected Accolades

BCG's focus is on offering the best golfing experience to our guests and delivering the expected financial results to our clients. Our managed courses are often honored for their outstanding conditions and layouts, primarily as a result of our Team's efforts. Following is a sample of major awards and accolades:



- **"Peter Hill, CEO: 5th 'Most Powerful Person in Golf.'" – Golf, Inc.**
- **"Management Company of the Year." – The Boardroom Magazine**
- **"One of the most progressive and well-run organizations in golf." – Golf Business Magazine**
- **"[BCG's] influence stretches from the East Coast to Hawaii." – Golf, Inc**
- **"BCG's sound management practices and expertise are hard to beat." – Golfweek SuperNews**

BCG has **significant experience and a successful track record** in the operation of golf course facilities, including upscale properties, **municipally-owned golf courses (70+ golf courses municipally owned)**, multi-course portfolios, and all sizes and types of golf courses – 9, 18, 27, and 36 holes – public, daily-fee, semi-private, private, practice, and resort.

Municipalities that have recently made the decision to hire BCG;

(All courses listed are 18 holes unless otherwise stated.)

- City of Victorville, CA - 2010
 - Green Tree Golf Course, Victorville, CA
 - Westwinds Golf Course, Victorville, CA (9 holes)
- City of Troy, MI - 2010
 - Sylvan Glen Golf Course, Troy, MI
 - Sanctuary Lakes Golf Course
- Briardale Greens Golf Course, Euclid, OH - 2010
- Waters Edge Golf Course, Worth, IL - 2010
- Westham Golf Course, Mosely, VA - 2010 (9 holes)
- Orchard Valley Golf Course, Aurora, IL - 2010
- Chicago Park District of Cook County - 2009
 - Jackson Park Golf Course, Chicago, IL
 - Marquette Park Golf Course, Chicago, IL
 - Sydney Marovitz Golf Course Chicago, IL
 - Robert Black Golf Course, Chicago, IL
 - Columbus Park Golf Course, Chicago, IL
 - South Shore Golf Course, Chicago, IL
 - Diversey Driving Range, Chicago, IL (practice)
- Desert Rose Golf Course, Las Vegas, Nevada - 2009
- City of Philadelphia, PA - 2008
 - Cobbs Creek Olde/Karakung Golf Course, Philadelphia, PA (36 Holes)
 - F.D.R. Golf Club, Philadelphia, PA
 - John F. Byrne Golf Club, Philadelphia, PA
 - City Line Sports Center, Philadelphia, PA
- City of Tulsa, Oklahoma - 2008
 - Mohawk Park Golf Course, Tulsa, OK (36 Holes)
 - Page Belcher Golf Course, Tulsa, OK (36 Holes)
 -

BCG encourages the City to contact our most recent municipal clients to learn more about BCG's performance and its ability to meet its financial goals, as well as our ability to bring a new level of guest service to our clients, unrivaled in the marketplace.

MUNICIPAL EXPERIENCE

BCG also can also fulfill the role as a stakeholder of a municipality's golf assets. The list of municipal courses below affirms our experience, expertise and success in working with our municipal partners.

Municipally Owned Properties

(The year indicates the inception of our agreement.)

- Cook County, Illinois (12 Courses), 2002
- Cincinnati Recreation Commission, Ohio (7 Courses), 2003
- City of Chicago, Illinois (7 Courses) 2009
- Westchester County, New York (3 Courses), 2004
- Anne Arundel County, Maryland (2 Courses), 1997
- City of Knoxville, Tennessee (2 Courses), 2006
- City of Tulsa, Oklahoma (2 Courses), 2007
- City of Wilmington, Delaware (2 Courses), 2007
- City of New Orleans, Louisiana, 2008
- City of Springboro, Ohio, 2005
- City of Jacksonville, Florida, 2005
- Panorama Village, Texas, 2005
- City of Gadsden, Alabama, 2004
- City of Springfield, Tennessee, 2001
- Borough of High Bridge, New Jersey, 1998
- City of Oak Ridge, Tennessee, 1996



Compass Pointe Golf Courses (36 holes), Anne Arundel County, Maryland

BCG works closely with municipalities across the country in the management or leasing of their golf facilities. We structure mutually beneficial partnerships with our clients which allows us to successfully operate their facilities and position them for long-term success.

OUR TRACK RECORD

BCG, the nation's leading municipal golf course operator, has increased rounds and revenue at our same-store courses the past three years, significantly **outpacing the golf industry growth**.

This improved performance year-over-year is directly attributable to the quality of our courses' conditions and facilities, the exceptional service experienced by our courses' guests, and the **one-to-one marketing** we practice every day.

RECENT SUCCESS STORIES

The **City of Tulsa, Oklahoma** recently selected BCG to manage its 72-holes of golf. During the first year of our management, play and revenue increased by 10%, expenses were right-sized, playing conditions, service levels, and guest satisfaction are at their highest-level ever.

The City's financial improvement? More than \$600,000 over prior year. According to the City, "It's pretty strong performance on [BCG's] part. We're very pleased at this point."



The **Chicago Park District** chose BCG to reverse the stagnant rounds and revenue trends at its seven golf facilities in January 2009, looking to BCG for improvements in financial results, guest experiences, and course and facility conditions. The 2010 season is off to a great start, with guest comments such as this telling the story:

"I want to express my deep gratitude for the job your company is doing managing the courses of the Chicago Park District. The improvements are nothing short of amazing. Fairways that were barely distinguishable are now equal to far more expensive private courses I have played. Greens that were laughable are now true and challenging. Sand traps play like real traps. You have returned the great game of golf to our city's courses. Your staff treats every golfer like they are the member of a private club. In short, I am enthralled by the job you are doing."

BCG'S RECIPE FOR SUCCESS

Municipalities and other organizations across the country – from small towns to major cities – are all looking for the same things: better conditions, better experiences, and better results, **on shrinking budgets.**

It starts with creating a **guest-oriented culture.** BCG does this by training every employee to ACE™ the Guest Experience – our proprietary training program that shows staff how to create fun and enjoyable experiences for golfers. Our agronomic team is prepared to present **outstanding course conditions**, day-in, day-out using environmentally friendly techniques.

We maximize rounds and revenue through **one-to-one marketing techniques** to individual golfers at each course, using data from our reservation and GuestTrac™ systems which tracks every guest's playing and spending behavior. We market to new guests, returning guests, and at-risk guests differently, rather than placing ads in the newspaper or sending the same e-mail offer to your entire database of golfers. We ensure that the message received is most likely to influence each individual golfer's return for another round of golf.

OUR PHILOSOPHY

BCG's approach to managing golf facilities is progressive and innovative. Our facilities consistently set the bar high in guest service. Each of our employees nationwide is trained and commits to **delivering a phenomenal golfing experience to every guest, every day**, through the following pledge:

***I am part of a team prepared to create fun
and enjoyment for our guests.***

My positive attitude is my responsibility.

***I choose to create loyal guests with
my team, my attitude, and my actions.***

This intense focus on enhancing the guest's experience and exceeding their expectations starts with our employees – the best people in golf. BCG **invests significant resources** in selecting, hiring, and developing successful people whose *first responsibility* is to interact positively with each guest, in addition to the specific job function for which they were hired to perform.

With that local team, and utilizing the **resources and expertise of a national firm**, BCG works closely with each of our clients to achieve a facility's financial goals. Our sales and marketing programs make use of the latest technologies to acquire and retain guests, tracking their playing and spending habits, preferences, and activities. We then deliver targeted, direct communication of programs and offers to our golfing guests that **grow our 'share of wallet'** with each. **Our firm differentiates itself from our competitors as we know, understand, and grow our guest base, with loyalty programs designed to enhance value to each of our golf courses.**

BCG **operates each facility as a partnership** to best serve the golfing needs of our guests and the financial needs of our clients. Exemplary performance is obtained through diligent corporate oversight of all aspects of operations, accounting, and personnel; the professional execution of established business, agronomic, and marketing plans; and the frequent, full communication with employees, guests, and our clients.

BCG's business philosophy is entrenched in the belief that success in operating a golf course rests in the **quality and consistency** of the guest experience; course conditions and amenities; employees; sales and marketing programs; and operational systems offered at each facility. We consistently deliver the experience demanded by our guests as well as the results expected of us by our clients. One call to our area clients will demonstrate our team's accomplishments in a very competitive market.



Wintonbury Hills Golf Course, Town of Bloomfield, CT

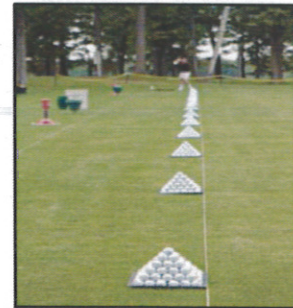
OUR SERVICES

BCG is among the nations most experienced and capable golf course management firms in the operation, marketing, and maintenance of public golf facilities. The firm has developed the following systems and methods of golf course that are proven successful. With the BCG team continuously evaluating and improving these systems and methods, BCG attains the best results for our clients and customers. Following is a summary of these services:

Planning and Budgeting: BCG directs each managed facility to complete an annual planning process that includes development of an Annual Budget as well as a Business Plan and Marketing/Sales Plan for the following calendar year (A copy of a preliminary first year Budget is enclosed in this Proposal). Each facility manager and his/her department heads work closely together with their BCG Regional Vice President, Regional Manager, and Marketing Manager to develop an achievable budget and plans. Upon review by BCG Senior Management and approval by the client, the facility manager implements the plan to achieve the facility's goals.

Staffing: BCG staffs each facility it manages with the number of managers and employees that are necessary to successfully operate a profitable business. Each facility manager works closely with BCG's Human Resources Director, to recruit and hire, transition, train and evaluate, and employ individuals for all positions. BCG expressly supports and is committed to the principle of Equal Employment Opportunity, promoting a Drug-Free Workplace, and preventing and prohibiting any form of impermissible harassment.

Golf Operation: BCG professionally manages the club operation at each managed facility in a manner consistent with comparable high quality facilities nationwide. BCG schedules tee times and collects dues and green fees; provides starter, marshal, bag, cart, and storage services; rents and maintains golf carts; maintains pace of play; sells and rents golf merchandise and equipment; promotes and offers outings, leagues, and tournaments; promotes and offers golfer development programs; operates the practice facilities; and provides clubhouse maintenance and housekeeping functions.



Retail: BCG offers for sale the highest quality, competitively priced golf retail merchandise at each managed facility. Under the direction of BCG's National Merchandise Manager, BCG develops annual buying plans, maintains national accounts with preferred partner vendors, designs exceptional displays to meet the local customer's retail buying needs.

Food & Beverage: BCG offers for sale the highest quality, competitively priced food and beverage menu items at each managed facility. Under the guidance of BCG's experienced Food & Beverage Directors nationwide, the firm develops annual buying plans, provides for healthful and efficient operations, develops standardized menus, and designs attractive displays and promotions to meet the local customer's dining needs.

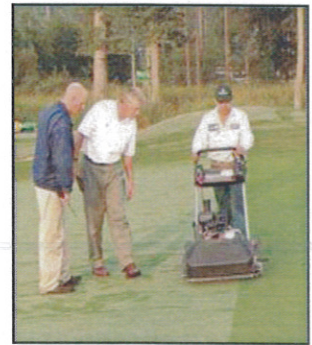
Annual Buying Plans: Each facility manager prepares and implements an annual Buying Plan for food items, beverages, and restaurant supplies. Appropriate quantities and selection of items are purchased throughout the year, and inventory levels are accounted for at least monthly.

F&B Operations

BCG provides food and beverage services as appropriate for the kitchen and dining facilities at each facility, including food and beverage inventory management, food preparation and service, regular on-course beverage cart service, and seasonal outside grill operation, all in a manner that is consistent with the best food and beverage operations in its class. All appropriate licenses and permits necessary to run a food service facility in the City, County, and State are obtained and kept current, all health standards and regulations are strictly followed.



Agronomy: BCG maintains its managed golf courses in a high quality manner, consistent with the quality expected of a high quality golf course. Under the guidance of BCG's Regional Superintendents, the firm develops and implements an Annual Golf Course Maintenance Program. The Program exceeds the maintenance and quality standards established by the client and BCG, and the course conditions expectations of the members and customers. BCG's focus is on improving the quality of the course while respecting sensitive environmental areas, with the goal being to have all BCG courses will be enrolled in the Audubon International Cooperative Sanctuary Program.



Marketing: BCG markets and promotes sales at its managed golf facilities utilizing the skills and resources of its talented marketing team. This marketing team works closely with each facility manager to create and implement winning marketing and sales strategies to meet the facility's goals, including growing the prospect base, sales closure rates and programs, all designed to increase membership. BCG develops and implements this tailored Marketing Plan to precisely fit the course's goals, products and services, target markets, and competitive environment. BCG establishes and meets revenue goals through aggressive and integrated marketing and sales strategies and tactics, effective communication with our members and customers, and the creation of a "Revenue Culture" focused on generating additional revenue through providing excellent value, a quality product, and personal service.

Publicity and Media Relations: BCG publicizes and manages media relations for its managed golf facilities utilizing the skills and resources of Buffalo Communications, BCG's in-house, golf-exclusive P.R. agency. Buffalo's publicists leverage their longstanding, extensive and tight media contacts to consistently well-position the course in the local, regional, and national news.

Accounting: BCG provides complete accounting and financial management services for each managed facility. BCG utilizes an established system for financial management, including the establishment and maintenance of consistent procedures for the collection, receipt and deposit of all revenues; cost estimating and reporting; maintenance and payment of invoices; and preparation of budgets and reports.

Customer Service and Quality Assurance: BCG trains all staff to be service-oriented employees excelling in personalized member service through our Customer Experience Program, and institutes a comprehensive program to collect and analyze member and customer feedback. BCG conducts regular, comprehensive inspections and audits to ensure superior quality customer and member service, and high quality maintenance and operation of each facility.



Information Technology: BCG is unique among golf course management firms, providing information technology services through its Marketing Technology Manager. BCG manages its information technology systems – including Reservation and POS Systems, Web Site and E-mail hosting, and Broadcast E-mail functions – through its marketing area due to technology's strong influence on revenue generation and member matriculation and retention.

The Reservation and Point of Sale System provides fair and equitable access to the course, records an accurate accounting of all tee times and revenues, and allows for the recording and analysis of member/customer reservation, playing, and purchasing history.

Capital Projects: BCG has extensive experience with capital projects, including development and construction of courses. BCG places significant emphasis on planning and executing projects to ensure the physical integrity and competitive position of its courses are enhanced and maintained. This process is critically important in increasingly competitive markets. BCG's role in the prioritization and completion of capital projects is to ensure that a proven, systematic approach is taken in designing, building, and/or realizing those projects. BCG uses a team approach, with collective participation of the project architect, contractors, and the client, to create a successful, well-planned improvement.



Tri-Mountain Golf Course, Ridgefield, WA



April 5, 2011

Honorable Mayor and Council Members:

I am writing to you because Harbor Bay Isle Associates is in the very unique position of being able to offer the City of Alameda a significant amount of financial assistance in its mission to preserve the 36 hole Chuck Corica Golf Complex, plus offer new facilities for youth and senior golf by a simple redesign of the existing South Course, and create desperately needed sports fields while improving the city's financial condition.

As providers of recreational amenities ourselves, we understand the unavoidable difficulties the city faces in attempting to continue to manage and maintain facilities within current budget constraints.

The City of Alameda is struggling to find the financing necessary to improve the financial and physical conditions of the golf facility. At the same time, local golf representatives have made it clear they do not support contracting the course to 27 holes, the last option to be discussed publicly. This has motivated us to investigate an idea that we believe could generate the financing necessary to enhance existing golf facilities, create new sports facilities, protect the amount of park space currently enjoyed by Alameda residents, benefit the city financially and meet the city's legal obligation under Harbor Bay Isle's development agreement to provide new housing.

We are very excited about the elements of the proposal outlined below. A formal application of this proposal will be filed with city staff momentarily. But first, some background.

As you know, the City of Alameda is legally obligated to honor Harbor Bay Isle's development agreement to build 3,200 homes in Alameda, of which 2,973 have already been built. The infrastructure debt created by Harbor Bay's contributions the city's schools, parks, roads and other projects still needs to be retired.

Most recently, we proposed to construct homes on 12 acres of property on North Loop Road – commonly known as Village 6. For several reasons, including the project's potential impacts on businesses adjacent to the Village 6 location, and at the request of the city, we agreed to pause processing of this application until a golf course resolution could be addressed.

We believe that time has arrived.

What follows is a thoughtful solution we are formally proposing as an alternative to our current Village 6 application and that we encourage you to consider as part of the package of financing you are currently working on to save golf in Alameda.

**City Council
Exhibit 5 to
Agenda Item #2-A
04-12-11**

In general, there are three key elements to the proposal Harbor Bay is delivering today:

1. We will consider providing financing up to \$6 million necessary to upgrade and reconfigure 36 holes of championship golf, and a new course for seniors and juniors with repaired drainage and irrigation, and enhanced fairways, greens and bunkers.
2. We will transfer the 12 acres of residential/commercial property we own on North Loop Road to the city for creation of sports fields to include, but not be limited to, two soccer fields, two baseball fields and concession and maintenance facilities. We would make a \$3 million financial contribution to this plan and work with local businesses to finance the balance of construction costs and maintenance costs. The Landscape and Maintenance District funded by the Harbor Bay Business District will take on the maintenance of the facility in perpetuity.
3. We will transfer our Village 6 proposal of new homes, along with all of the development rights, to the 12 acres currently occupied by the Mif Albright Course. This exchange of land is permitted by the city charter.

We believe this plan offers many benefits to the city of Alameda. Among them it preserves the facilities for youth and senior golfers. It preserves and improves the 36 hole golf course. It also addresses the city's desperate need for more soccer and baseball fields. With this amenity, local sports leagues could enjoy more time watching kids play and less time trying to solve field access shortages. Our plan also results in no loss of park space. Lands with existing designated uses are simply transferred.

Finally, the City of Alameda would incur no costs. In fact, over time the city will enjoy millions of dollars in revenues generated from our project for it to use for police and fire protection, libraries, parks and other city services.

We believe this is a unique opportunity for local residents and city officials to realize dreams for which they have been pursuing for some time.

For me personally, this is about more than completing a real estate transaction. This project would culminate my more than 40 years of working on Harbor Bay Isle and make a significant positive contribution to the city that has given me and my family so much.

On behalf of Harbor Bay Associates, we appreciate very much your consideration of this proposal. In the coming weeks and months, we look forward to more detailed and fully public discussions of it with you, city staff and the golfing and recreation communities of Alameda.

Sincerely,



Ron Cowan, CEO

Doric and Harbor Bay Family of Companies

Updated to reflect meeting of March 31, 2011 with Acting City Manager

Business Term	Details and Explanations
Parties	<ul style="list-style-type: none"> City of Alameda Alameda Junior Golf Association
Form of Agreement	<ul style="list-style-type: none"> Property Lease Agreement
Business Intent	<ul style="list-style-type: none"> Maintain MIF Albright Golf Course on existing site for use by junior, senior and other golfers.
Exclusivity	<ul style="list-style-type: none"> Exclusive negotiation with AJGA to operate the Mif. Exclusive Par 3 golf facility at the Chuck Corica Golf Complex. A "course within a course" or forward tees on the regulation courses are not permitted.
Scope of Lease	<p>Golf Operations at the Par 3 facility</p> <ul style="list-style-type: none"> Course Mgmt - starter operations and turf management Golf play, tournaments, lessons, practice, equipment, etc. Sales/revenue collection and fund raising events <p>Facility Improvements</p> <ul style="list-style-type: none"> Improvements as enabled by fund raising and grants
Boundaries	Per diagram
Term	<ul style="list-style-type: none"> 10 years and up to two 5 year extensions if requested by AJG Effective Date – July 1, 2010 Expected contract sign date of June 30th or earlier.
Lease Payment	<ul style="list-style-type: none"> The total lease fee payment to City of Alameda will be \$1 per year
Water	<ul style="list-style-type: none"> AJG will reimbursement City for water used by AJG exclusively for Mif Golf Course
Utilities	<p>City shall provide</p> <ul style="list-style-type: none"> Trash Disposal (access to dumpster at cart barn) Electrical (city to determine if there is a unique meter for Mif)
Leased Facilities	<ul style="list-style-type: none"> Mif Albright Golf Course (Approximately 13 acres with 9 holes) Driving Range Pro-Shop (approximately 30' x 15') to support POS starter operations and junior club program. Shared with range operator until they fully automate the driving range. Norma Arnerich Teaching Center (2 stalls) and driving range practice stalls will be available for golf the Alameda Junior Golf Academy Contractual approach is TBD and subject to 3-way negotiations. Range operator could sublease portion of pro-shop and teaching center from AJG. Any fee paid by range operator would be at rate set by city paid directly to city (or 100% pass through to city). Alternatively, AJG could sub-lease this space from range operator. Sublease may be included as a subcontract for POS services from range operator. AJG would expect any fee to be nominal (e.g. \$1) but must be mutually agreed with City, AJG and range operator. Exclusions: Sloughs and buildings including the "pump house" building are city responsibility for maintenance and insurance.
Golf Enterprise Fund	<ul style="list-style-type: none"> City provide up to \$1,000 for installation of sub meter(s) for golf cart barn and driving range landscaping. City contributes a portion of Golf Enterprise fund to AJG for golf course renewal. (one-time \$100,000)
Contracted Services	<ul style="list-style-type: none"> AJG plans to secure the services of licensed and insured contractors to provide golf services and operations. City shall approve contractors and approval shall not be unreasonably withheld. AJG shall consider services of City Contractor (e.g. KemperSports) for

Business Term	Details and Explanations
	<p>regulation courses when contracting for maintenance and starter operations.</p> <ul style="list-style-type: none"> Cost of services provide by the City Contractor are subject to negotiation between the contractor and AJG. AJG expects the costs to reflect the economies of scale of the entire golf complex (i.e. charge non-profit the marginal cost to maintain the Mif golf course).
Access	<ul style="list-style-type: none"> City shall maintain restrooms for access of Mif patrons without charge. City shall maintain parking lot for access of Mif patrons without charge. <p>Use of Parking Lot</p> <ul style="list-style-type: none"> Access easement off Maitland, Flower and Beach for Maintenance
Insurance	<ul style="list-style-type: none"> AJG shall maintain the following insurance coverage: <u>Medical Payment Coverage</u> - \$25,000 per volunteer. <u>General Liability</u> coverage - \$2,000,000 CSL (claims, single limit) for bodily injury and property damage coverage. <u>Automobile Liability</u> cover occasional errands run by the volunteers has yet to be determined for bodily injury and property damage. City to be named as additional insured on the AJG liability policies. City of Alameda shall maintain the following insurance coverage: <u>Property Coverage</u> providing all-risk (except flood and quake) replacement cost coverage on all real property and property in the open, with a \$25,000 deductible.
Marketing	<p>Websites - Ability to maintain info on Chuck Corica Complex website</p> <ul style="list-style-type: none"> CC site links to AJG sites <p>Signage (Subject to Approval Permits compliant with City Sign Ordinance)</p> <ul style="list-style-type: none"> Main sign back of teaching Center Hole sponsor signs <p>Communications</p> <ul style="list-style-type: none"> AJG may place small notices regarding tournaments or pertinent information on golf complex bulletin boards AJG to provide their own phone system (city converting to VOIP)
Slough	City shall maintain the slough as required for all courses (clean and dredge as needed)
Cell Tower	<ul style="list-style-type: none"> AJG shall allow access (easement) for cell tower maintenance. Lease fees of Cell tower previously placed in Golf Enterprise fund would now help AJG to fund Par 3 capital improvements. (approx. \$1500/mo)
Course Renewal	AJG may undertake a course improvement program for greens, tees, fairways, practice and other areas of the property. AJG may develop a junior clubhouse on the property, subject to city planning and building approvals.
Relationship Management	<p>AJG: President, Director of the Mif</p> <p>City of Alameda: City Manager, City Rec & Parks Director</p>
Termination	<ul style="list-style-type: none"> AJG may terminate for convenience with 60 days notice. City of Alameda may terminate for cause with 90 days notice. Cause = AJG failure to maintain required insurance, failure to pay water bill, or failure to maintain course for golf. City to give notice and allow 90 days for AJG to cure any breach.
Confidentiality	<ul style="list-style-type: none"> Both parties can disclose the existence of the relationship

City of Alameda, California
Golf Income Statements
FY00-01 through FY10-11

Revenues

Golf Operations

	FY10-11 Budget (N7)	Actual thru 2/2011	FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03	FY 01-02	FY 00-01
Par 3 golf fees	\$ 55,000	\$ 55,269	\$ 91,233	\$ 75,716	\$ 121,188	\$ 130,923	\$ 130,908	\$ 186,943	\$ 226,933	\$ 201,565	\$ 259,604	\$ 260,926
Regular golf fees -- Fry & Clark	2,231,000	1,297,128	2,101,716	2,315,269	2,251,185	2,384,758	2,178,153	2,365,042	2,588,656	2,696,767	2,644,969	2,768,156
Driving range fees	350,000	204,318	353,138	363,416	396,107	405,328	431,574	442,042	542,590	641,361	663,406	669,154
Monthly passes	300,000	200,040	264,445	308,987	289,550	280,725	222,329	301,583	336,570	367,322	362,901	348,305
Total - Golf fees & monthly passes	\$2,936,000	\$ 1,756,755	\$ 2,810,532	\$ 3,063,388	\$ 3,058,030	\$ 3,201,734	\$ 2,962,964	\$ 3,295,610	\$ 3,694,749	\$ 3,907,015	\$ 3,930,880	\$ 4,046,541

Concessions -- restaurant	100,000	44,237	93,178	93,462	89,240	74,712	47,935	52,021	74,639	70,181	73,003	92,198
Golfer meal package		886	682	128	1,958	0	0	0	0	0	0	0
Golf shop sales	352,800	165,523	262,000	360,252	396,085	379,302	352,713	384,466	367,483	389,844	407,190	413,258
Golf lessons	114,000	64,069	117,022	117,700	130,774	169,154	184,265	194,156	225,294	237,424	279,730	326,008
Golf cart rentals	476,000	297,679	472,563	501,966	519,642	508,400	412,881	460,983	517,152	537,976	582,162	632,879
Other - misc. rent, gift certificates	26,950	26,442	12,578	24,567	(8,024)	47,195	33,030	28,661	53,813	78,516	70,946	49,891
Total - Other golf operations	1,069,750	598,836	958,023	1,098,075	1,129,675	1,178,763	1,030,995	1,120,287	1,238,381	1,313,941	1,413,031	1,514,234

Subtotal 4,005,750 2,355,591 3,768,555 4,161,463 4,187,705 4,380,497 3,993,959 4,415,897 4,933,130 5,220,956 5,343,911 5,560,775

Nonoperation revenues and transfers

Interest	6,000	(4,602)	4,886	46,334	102,965	117,491	46,453	60,360	(6,538)	91,913	84,158	215,505
Rental income	40,000	33,528	47,461	45,038	48,914	40,895	37,540	39,292	37,451	32,659	29,036	32,807
Other contributions/donations		285	150	210	166,608	476	410	897	581	739	1,132	21,568
Sales of City owned property	0	0	0	0	0	0	0	0	48,010	0	0	86,250
Equipment Sales	0	0	0	0	0	0	0	0	35,136	0	0	0
Property damage settlement	0	0	0	0	0	43,317	0	0	0	0	0	0
Total - Other nonoperating revenues	46,000	29,211	52,497	91,582	318,487	202,179	84,403	100,549	114,640	125,311	114,326	356,130

Transfer from General Fund	0	0	0	0	0	32,516	0	0	0	0	0	0
Transfer from Urban Runoff	0	0	0	0	0	0	0	739	0	0	0	0
Transfer from Equipment Replacement	0	0	0	0	0	0	0	0	0	0	510,393	0
Total - Transfer from other funds	0	0	0	0	0	32,516	0	739	0	0	510,393	0

Total Revenues 4,051,750 2,384,802 3,821,052 4,253,045 4,506,192 4,615,192 4,078,362 4,517,185 5,047,770 5,346,267 5,968,630 5,916,905

Expenditures

Golf Operations

Personnel Services	42,220	27,998	516,802	1,817,702	2,182,176	2,375,795	2,315,558	2,226,482	2,141,067	2,026,703	1,813,539	1,845,069
Materials & Supplies	0	5,114	4,355	281,212	487,606	447,737	441,227	444,813	493,023	383,872	369,419	297,730
Contractual Services	2,629,270	1,956,982	2,197,554	1,308,804	1,356,546	835,413	678,878	705,908	864,415	861,563	851,823	877,790
Other Maintenance Expenses	30,120	8,928	13,116	30,262	38,198		16,420				153,772	
Debt service - Improvements	131,010		131,010	131,010	134,199	134,199	134,199	134,199	134,199	134,199	134,199	134,199
Debt service - Cart Leases	152,120	92,483	73,759	67,433	174,563	150,813	151,953	156,215	145,855	163,292	172,829	159,059
Total Golf Operations	2,984,740	2,091,505	2,936,596	3,636,423	4,373,288	3,943,957	3,738,235	3,667,617	3,778,559	3,569,629	3,495,581	3,313,847

Income (loss) before fixed charges 1,067,010 293,297 884,456 616,622 132,904 671,235 340,127 849,568 1,269,211 1,776,638 2,473,049 2,603,058

City of Alameda, California
Golf Income Statements
FY00-01 through FY10-11

	FY10-11		FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03	FY 01-02	FY 00-01
	Budget (N7)	Actual thru 2/2011										
<u>Fixed Charges</u>												
Cost allocation	276,800	213,096	271,368	247,106	282,639	274,407	335,271	342,321	331,861	318,557	301,007	314,675
Payment in lieu of taxes PILOT/ROI	202,220	134,816	297,312	297,302	293,986	288,231	405,550	401,138	185,576	187,719	202,842	188,696
Internal service charges	42,840	96,088	144,588	82,226	173,288	89,356	94,569	88,594	79,025	68,338	65,085	53,659
Payment Surcharge - Golf Fees	171,960	63,488	109,398	130,352	142,491	154,075	134,850	156,825	203,688	230,084	240,130	265,869
Fixed charges subtotal	693,820	507,488	822,666	756,986	892,404	806,069	970,240	988,878	800,150	804,698	809,064	822,899
Net income (loss) (N5)	373,190	(214,191)	61,790	(140,364)	(759,500)	(134,834)	(630,113)	(139,310)	469,061	971,940	1,663,985	1,780,159
Ending Cash Balance	1,184,482	594,576	811,292	1,230,046	1,550,854	2,249,275	2,644,842	3,526,821	3,894,263	3,777,578	3,377,774	2,523,255
Available Ending Fund Balance	1,065,562	443,353	657,544	727,721	1,126,044	1,853,106	2,311,238	3,213,884	3,629,527	3,587,517	3,149,272	2,173,322
Less: Reservation for MIF Albright Course Improvements	-	(100,000)										
Net Available Ending Fund Balance	1,065,562	343,353										
Unrestricted Fund Balance Per Audit Report (N6)			957,544	1,027,721	1,426,044	2,153,106	2,611,238	3,513,884	3,929,527	3,887,517	3,449,272	2,473,322

N5 - Excludes depreciation expense, which is a non cash expense and does not affect the available balance at year end.

N6 - The unrestricted fund balance includes a \$300K long term advance to ARRA

N7 - Total expenses per adopted budget were \$3,754,655, they include depreciation expense but exclude operating transfers

N8 - For FY10-11, Available Fund Balance includes \$100K allocated for improvements to the MIF. Available Fund Balance represents Current Assets less Current Liabilities of the Golf Fund